

106TH CONGRESS
2D SESSION

H. R. 4490

To establish a program to promote access to financial services, in particular for low- and moderate-income persons who lack access to such services, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 18, 2000

Mr. LAFALCE (for himself, Mr. LEACH, Ms. WATERS, Mr. FRANK of Massachusetts, Mr. VENTO, Mr. KANJORSKI, Mrs. MALONEY of New York, Mr. SANDERS, Mr. GUTIERREZ, Mr. BENTSEN, Ms. HOOLEY of Oregon, Ms. CARSON, Ms. LEE, Mr. MASCARA, Mr. INSLEE, Mrs. JONES of Ohio, Mr. GONZALEZ, Mr. CAPUANO, Mr. FROST, Ms. ROYBAL-ALLARD, Ms. RIVERS, Mr. JEFFERSON, Ms. MILLENDER-MCDONALD, Mr. HINCHEY, and Mr. WEYGAND) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To establish a program to promote access to financial services, in particular for low- and moderate-income persons who lack access to such services, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “First Accounts Act
5 of 2000”.

1 **SEC. 2. FINDINGS AND PURPOSE.**

2 (a) FINDINGS.—The Congress finds as follows:

3 (1) Many low- and moderate-income persons
4 lack adequate access to basic financial services, such
5 as a low-cost transaction or savings account at a
6 federally insured depository institution.

7 (2) The lack of such basic financial services in-
8 creases costs for such persons, reduces their ability
9 to manage their finances and to save and plan for
10 the future, and limits their access to other financial
11 products, such as credit cards, home mortgages, or
12 automobile loans.

13 (3) Existing products and services may not be
14 adequate to meet the needs of low- and moderate-in-
15 come persons for financial services, such persons
16 may be inadequately informed about financial issues,
17 and depository institutions may have insufficient in-
18 formation about such persons to develop suitable
19 products for them.

20 (4) Increasing access to basic financial services
21 will require research and development, incentives to
22 provide basic accounts and increase access to finan-
23 cial services, and consumer and depository institu-
24 tion education.

25 (b) PURPOSE.—The primary purpose of this Act is
26 to create a program to promote access to financial serv-

1 ices, in particular for low- and moderate-income persons
2 who lack access to such services, including low- and mod-
3 erate-income persons who do not receive Federal benefits.

4 **SEC. 3. DEFINITIONS.**

5 For purposes of this Act, the following definitions
6 shall apply:

7 (1) **COMMUNITY PARTNER.**—The term “com-
8 munity partner” means a nonprofit organization,
9 State or local government agency, quasi-govern-
10 mental entity, or community development financial
11 institution (as defined in section 103(5) of the Com-
12 munity Development and Financial Institutions Act
13 of 1994) that provides education to low- and mod-
14 erate-income persons regarding financial services, or
15 develops or provides financial services for low- and
16 moderate-income persons or otherwise facilitates the
17 provision of financial services to such persons.

18 (2) **DEPOSITORY INSTITUTION.**—The term “de-
19 pository institution” means—

20 (A) any insured depository institution (as
21 defined in section 3(c) of the Federal Deposit
22 Insurance Act); and

23 (B) any insured credit union (as defined in
24 section 101(7) of the Federal Credit Union
25 Act).

1 (3) FINANCIAL SERVICES ELECTRONIC NET-
 2 WORK.—The term “financial services electronic net-
 3 work” means an organization or entity that provides
 4 electronic access to an individual’s account at a de-
 5 pository institution, including an automated teller
 6 machine network, point-of-sale network, and a pro-
 7 vider of such services through the Internet.

8 (4) INDIAN RESERVATION.—The term “Indian
 9 reservation” has the same meaning as in section
 10 4(10) of the Indian Child Welfare Act of 1978 and,
 11 to the extent not already included, shall include
 12 lands held by incorporated Native groups, regional
 13 corporations, and village corporations, as defined in
 14 or established pursuant to the Alaska Native Claims
 15 Settlement Act; public domain Indian allotments;
 16 and former Indian reservations in the State of Okla-
 17 homa.

18 (5) LOW- AND MODERATE-INCOME.—The term
 19 “low- and moderate-income” means a family income
 20 that does not exceed—

21 (A) for nonmetropolitan areas, 80 percent
 22 of the statewide median family income; or

23 (B) for metropolitan areas, 80 percent of
 24 the greater of statewide median family income
 25 or metropolitan area median family income.

1 (6) SECRETARY.—The term “Secretary” means
2 the Secretary of the Treasury.

3 (7) SERVICE AREA.—

4 (A) IN GENERAL.—The term “service
5 area” means—

6 (i) any population census tract for
7 which the poverty rate is 20 percent or
8 greater, based on the most recent census
9 data;

10 (ii) any population census tract—

11 (I) which is not located within a
12 metropolitan area; and

13 (II) for which the median family
14 income does not exceed 80 percent of
15 statewide median family income;

16 (iii) any population census tract—

17 (I) which is located within a met-
18 ropolitan area; and

19 (II) for which the median family
20 income does not exceed 80 percent of
21 the greater of statewide median family
22 income or the metropolitan area me-
23 dian family income;

24 (iv) an Indian reservation; and

1 (v) any other area that has significant
 2 unmet needs for financial services, as may
 3 be determined by the Secretary.

4 (B) APPLICATION IN ABSENCE OF POPU-
 5 LATION CENSUS TRACTS.—In the case of an
 6 area that is not tracted for population census
 7 tracts, the equivalent county divisions (as de-
 8 fined by the Bureau of the Census for purposes
 9 of defining poverty areas) shall be used in lieu
 10 of population census tract for purposes of
 11 clauses (i), (ii), and (iii) of subparagraph (A)
 12 and in determining poverty rates and median
 13 family income for purposes of such clauses.

14 (8) SERVICE POPULATION.—The term “service
 15 population” means individuals, or a group of individ-
 16 uals, who are low- or moderate-income, or who oth-
 17 erwise lack adequate access to financial services, as
 18 may be determined by the Secretary.

19 **SEC. 4. ESTABLISHMENT OF A PROGRAM FOR EXPANSION**
 20 **OF FINANCIAL SERVICES TO THE UNDER-**
 21 **SERVED.**

22 The Secretary of the Treasury shall establish a pro-
 23 gram to support and promote—

24 (1) the expansion of access to financial services,
 25 in particular for low- and moderate-income persons

1 who lack access to such services, and for other pur-
2 poses;

3 (2) the development of new financial products
4 and services that are adequate to meet the needs of
5 low- and moderate-income persons for financial serv-
6 ices;

7 (3) the education for both low- and moderate-
8 income persons and depository institutions con-
9 cerning the availability and use of financial services
10 for and by such persons; and

11 (4) such other activities and projects the Sec-
12 retary may determine are consistent with the pur-
13 poses of this Act.

14 **SEC. 5. POWERS AND AUTHORITIES OF THE SECRETARY.**

15 (a) IN GENERAL.—In carrying out the program es-
16 tablished pursuant to section 4, the Secretary may make
17 or enter into grants, cooperative agreements, and con-
18 tracts, and designate depository institutions as financial
19 agents of the Treasury, to provide for technical assistance,
20 education, training, or financial services, to further the
21 purposes of this Act.

22 (b) SPECIFIC POWERS.—The powers of the Secretary
23 under this Act shall include the following:

24 (1) FINANCIAL SERVICES.—The Secretary may
25 promote access to financial services by providing fi-

1 nancial and technical assistance to depository insti-
2 tutions for providing low-cost financial services,
3 including—

4 (A) electronic transaction accounts;

5 (B) savings accounts; and

6 (C) other financial services deemed appro-
7 priate by the Secretary to meet the needs of
8 service areas or service populations.

9 (2) DISTRIBUTION.—The Secretary may pro-
10 mote access to financial services by providing finan-
11 cial and technical assistance to depository institu-
12 tions, financial services electronic networks, or com-
13 munity partners for expanding the distribution of fi-
14 nancial services to service areas or service popu-
15 lations, including through financial services elec-
16 tronic networks.

17 (3) EDUCATION.—The Secretary may promote
18 access to financial services by—

19 (A) providing financial education to service
20 areas or service populations;

21 (B) providing technical assistance or train-
22 ing to or by depository institutions or commu-
23 nity partners; and

1 (C) otherwise promoting financial services
2 to or by service areas, service populations, de-
3 pository institutions, or community partners.

4 (4) RESEARCH AND DEVELOPMENT.—The Sec-
5 retary may conduct or support such research and de-
6 velopment as the Secretary considers appropriate in
7 order to further the purposes of this Act, including
8 the collection of information about access to finan-
9 cial services.

10 (c) SELECTION CRITERIA.—

11 (1) IN GENERAL.—In selecting any depository
12 institution, community partner, or financial services
13 electronic network as a recipient of a grant or other
14 financial assistance under this Act, the Secretary
15 shall consider the following criteria:

16 (A) The likelihood of success of the deposi-
17 tory institution, community partner, or finan-
18 cial services electronic network in achieving the
19 purpose of the grant or assistance and carrying
20 out the purposes of this Act.

21 (B) The experience of the depository insti-
22 tution, community partner, or financial services
23 electronic network in undertaking activities
24 similar to the activities to be funded or sup-

ported by the proceeds of the grant or other financial assistance.

(C) Such other factors, including management, and performance criteria, as the Secretary may determine to be appropriate.

(2) PUBLICATION OF CRITERIA.—The Secretary shall publish the selection criteria established pursuant to paragraph (1) in the Federal Register.

(d) TERMS AND CONDITIONS.—

(1) IN GENERAL.—Before providing any assistance under this Act, the Secretary and each entity to be assisted shall enter into an agreement that requires such entity to comply with performance goals and abide by other terms and conditions as determined by the Secretary.

(2) REMEDIAL TERMS AND CONDITIONS.—The agreement shall provide that, in the event of fraud, mismanagement, or noncompliance with the terms of the agreement, the Secretary shall have discretion to—

(A) require changes to the performance goals;

(B) terminate the agreement or reduce assistance under the agreement;

(C) require repayment of assistance;

1 (D) bar an entity from reapplying under
2 the program; or

3 (E) take such other action as the Secretary
4 deems appropriate.

5 (e) FINALITY OF DECISIONS.—Any determination,
6 including the selection of recipients of grants and other
7 financial assistance, under this Act shall be made in the
8 sole discretion of the Secretary and shall be final.

9 (f) REGULATIONS.—The Secretary may prescribe
10 such regulations and procedures as the Secretary deter-
11 mines to be appropriate to carry out the program and the
12 purposes of this Act.

13 **SEC. 6. REPORTS.**

14 The Secretary shall submit a report to the Congress
15 by the end of the 2-year period beginning on the date of
16 the enactment of this Act, and annually thereafter,
17 containing—

18 (1) a detailed description of the operation of the
19 program established under section 4;

20 (2) the findings and conclusions of the Sec-
21 retary on the extent to which the program is meet-
22 ing the purposes of this Act and the goals of the
23 Secretary in establishing the program; and

1 (3) such recommendations for legislative or ad-
2 ministrative action as the Secretary may consider to
3 be appropriate.

4 **SEC. 7. AUTHORIZATION OF APPROPRIATIONS.**

5 (a) IN GENERAL.—To carry out this Act, there are
6 authorized to be appropriated to the Secretary, to remain
7 available until expended—

8 (1) \$30,000,000 in fiscal year 2001; and

9 (2) such sums as may be necessary to carry out
10 this Act in each of fiscal years 2002 through 2005.

11 (b) ADMINISTRATIVE EXPENSES.—Of amounts ap-
12 propriated to the Secretary, not more than \$3,000,000
13 may be used in any fiscal year to pay the administrative
14 costs and expenses of the program. Costs associated with
15 research and development, training, technical assistance,
16 and education shall not be considered to be administrative
17 expenses for purposes of this subsection.

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